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SUBJECT: CANADA'S RENEWED FOCUS ON LATIN AMERICA

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Classified By: PolMinCouns Scott Bellard, reasons 1.4 (b) and (d)

11. (C) Summary: PM Harper has made Latin America one of a very few focal points for Canada's foreign policy, alongside Afghanistan, improving relations with the U.S., and developing stronger ties with the rising economic powers of Asia. Of the three pillars of the Latin America strategy -- security, trade, and governance -- security will be the most problematic for significant Canadian contributions, while trade and governance play to long-standing Canadian strengths. Under PM Harper, Canada has redoubled efforts in Haiti, revitalized long-standing ties with the English-speaking Caribbean, sought new free trade agreements, and sustained its restrained engagement with Cuba and Venezuela. Despite Canadian aid largesse, much of the "new" strategy so far may be rhetorical rather than substantive, but Canada's increased attention to the hemisphere presents some new opportunities for enhanced U.S.-Canadian engagement, including working together to bring along other partners to help more in Haiti and blending our hard power with Canada's soft power in stabilization efforts in Colombia. Canada's Latin American focus will likely outlive the current minority government, driven by increasing commercial opportunities, a waning pre-occupation with "Old" Europe, and the acceptance that the Western Hemisphere is indeed Canada's real neighborhood. End Summary.

A STRATEGY OF ACTIONS, NOT WHITE PAPERS

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12. (C) Conservative Prime Minister Stephen Harper took office in 2006 determined to chart a different course in foreign policy than his Liberal predecessors: shifting more of Canada's international engagement from multilateral to bilateral, its U.S. policy from frosty to friendly, and its geographic focus from Europe and Africa to the Americas (as well as Afghanistan, China, and India). In his first statement on Latin America in February 2007, PM Harper promised to "re-engage relationships throughout the Americas with our partners in Mexico, the Caribbean, and Central and South America," and followed this up with a major trip to Latin America and the Caribbean in August 2007 (ref a). According to Peruvian Embassy Political Counselor Pedro Vuitro, the shift to the Americas made sense for four reasons: Harper needed to "de-Afghanistanize" his foreign

policy; this focus helped further to deepen relations with the U.S. while ensuring Canada was not left behind in the hemisphere; Latin America had traditionally been more of a Conservative Party priority (it was then Conservative Prime Minister Brian Mulroney who brought Canada into the OAS almost two decades ago); and, Canada woke up to the reality that its hemispheric neighbors were increasingly prosperous and democratic partners (with a few notable exceptions of concern).

**¶3.** (C) According to Assistant Deputy Minister of Foreign Affairs for the Americas Strategy Alexandra Bugailiskis, the 2007 trip effectively laid out Harper's Latin America strategy on the ground, as opposed to in yet another wordy policy document. While there was still talk about a formal document -- Salvadoran DCM Christina Calderon told poloff Qdocument -- Salvadoran DCM Christina Calderon told poloff that there was a forthcoming 125-page policy statement, while a Peruvian diplomat had heard mention of a memo to Parliament -- Bugailiskis emphasized privately to PolMinCouns and poloff that while "there is not a written strategy, there is a commitment."

**¶4.** (C) PM Harper orchestrated his trip to highlight the pillars of the strategy, while allowing for considerable overlap: by visiting Colombia, he stressed that Canada would not shy away from difficult security challenges; in Chile, he extolled free trade; and, in Haiti and Barbados, he stressed the importance of good governance. Security, trade, and governance have become the pillars of the new Latin America strategy, and are, in the Prime Minister's own words, "mutually reinforcing."

#### SEARCHING FOR A NICHE IN REGIONAL SECURITY

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**¶5.** (C) PM Harper's visit to Colombia and Haiti and follow-up

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visits to Haiti by Foreign Minister Maxime Bernier have showcased Canada's efforts to support bilateral and regional efforts to improve security. Haiti, where Canada has been involved in UN peacekeeping efforts for fifteen years, provides a relatively easy and welcoming environment to put considerable additional resources into the security arena (ref b).

**¶6.** (C) Colombia has posed a more difficult challenge on security for Canada, due mostly to a lack of Canadian security assistance infrastructure and capacity and a far riskier environment on the ground. Guillermo Mejia, Minister Counselor at the Colombian Embassy, told poloff that Colombia was pleased that Canada was not shying away from the difficult security environments in conflict societies like Colombia. He recounted a visit by then-Deputy Foreign Minister Harder in spring 2006, during which DM Harder accompanied President Uribe to a small village -- San Vicente de Acuan -- where guerrilla negotiations were underway. He claimed that Harder returned to Canada with a more positive sense of what Canada could achieve and then began to move the bureaucracy to do more.

**¶7.** (C) Mejia nonetheless indicated that Canada would be working the "soft side" of security issues in Colombia, in contrast to the "hard side" of U.S. programs. He commented that both are needed and that the Canadian programs could bring balance and promote as yet neglected pieces of the security picture. PM Harper promised during his 2007 visit to increase Canada's support for "peace-building, justice, and national reconciliation," and, during a follow up visit in January 2008, Minister of International Cooperation Beverley Oda announced programs for the protection of children in conflict zones and the provision of basic services to displaced persons. Canada also has a program on human rights and justice reform in Colombia. According to Mejia, the two governments are planning for bilateral

security talks in fall 2008 in which officials will focus on organized crime and more direct Canadian assistance.

¶ 18. (C) Executive Director of the Canadian Foundation for the Americas (FOCAL) -- the country's premier think tank on the hemisphere -- Carlo Dade separately commented that FOCAL sees Canada's focus on governance and trade as on track, but noted less clarity on its contributions to regional security. The lack of a Canadian foreign intelligence service and a general lack of capacity limited Canada's effectiveness in offering security assistance. He noted that "while the Canadian government has . . . chosen the Americas as a foreign policy priority, officials have yet to address our role in the region's alarming crime levels." He pointed to increasing levels of violence in some Latin American and Caribbean countries and suggested that "if we are concerned about improving human rights and economic quality in Latin America and the Caribbean, we must also be concerned about the personal security of the people living and working there." According to Stephen Randall, security policy analyst at the University of Calgary, Canada was trying to shift to a more robust security assistance posture, and cited the placement of an LNO in USSOUTHCOM in 2007 as well as public acknowledgment in official Canadian documents that "weak" acknowledgement in official Canadian documents that "weak" states such as Colombia can be seen as a security threat as evidence of the change. He nonetheless predicted that Canada would, for the short-term at least, prefer to stay on the softer side of conflict issues to minimize association with the U.S. Plan Colombia.

MORE TRADE FOR CANADA -- FREE TRADE FOR THE HEMISPHERE

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¶ 19. (U) In a recent interview, PM Harper stated that "the Canadian experience shows that, over the long term, there is really no better way to boost living standards than with free trade. An FTAA would have the potential to create the world's largest free trade area. . . Though FTAA negotiations have stalled in recent years, Canada remains steadfast in our commitment to liberalize trade and investment with our partners in the hemisphere." In a September 2007 speech to the Council on Foreign Relations, Harper touted the importance of free trade agreements, and urged the U.S. to conclude and ratify its own agreement with Colombia.

¶ 110. (SBU) ADM Bugailiskis described Canada as a "cheerleader" for the FTAA, a theme that PM Harper underscored during his 2007 trip to Chile on the 10-year anniversary of the Canada-Chile Free Trade Agreement. While PM Harper couched

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Canada's promotion of free trade in terms of a new model for the hemisphere "for countries looking to enhance quality of life but maintain their social cohesion," and avoid the stark choices between "two models for development, one that is focused on social justice, and the other on economic liberalization," there is also considerable Canadian self-interest at work in the trade agenda. Direct Canadian foreign investment in the Americas now stands at close to C\$100 billion (approximately the same figure in US\$) -- more than twice the size of Canadian investments in Asia -- making Canada the third largest investor in the hemisphere, after the U.S. and Spain. Canadian exports to Latin America rose 14% in the last year, compared to only 2% in the rest of the world. There are 80 Canadian companies involved in the mining sector in Peru alone.

¶ 111. (SBU) To shore up its economic gains in the hemisphere, Canada has launched free trade agreements with Peru, Colombia, the Dominican Republic, and Caricom. PM Harper has publicly pledged also to negotiate an agreement with "the Central American Four" of El Salvador, Guatemala, Honduras, and Nicaragua. Canada signed the agreement with Peru on July 16, 2007 in Davos, and is now in the implementation stage, timed to correspond with the U.S.-Peru Trade Promotion

Agreement so the two enter into force simultaneously. The Colombia agreement has been far more difficult to close. It has been a particular target for Canadian human rights and labor activists, such as Gauri Sreenivasan, a trade policy analyst with the Canadian Council for International Cooperation, who urged Canada to go slow in negotiations with Colombia and develop "an explicit strategy to address the terms of the trade agreement in a way that's protective of human rights." Acting Representative of the UN High Commission for Human Rights in Colombia Javier Hernandez told Canadians publicly during a recent visit that if they did not "take care of other issues like human rights, cultural rights, and labor union rights, you are missing an opportunity." Colombian labor leaders have also traveled to Canada to criticize the agreement.

#### STRENGTHENING GOVERNANCE AND PUBLIC ADMINISTRATION

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¶12. (U) PM Harper has reiterated publicly that "building democratic institutions and strengthening the rule of law is a second area in which Canada can offer expertise, unique to our democratic experience but with universal lessons, to countries working to resolve various lessons of democratic consolidation." In a recent forum on "Canadian Approaches to Democracy Support in the Americas," one participant suggested that Canada had traditionally been involved in democracy promotion in the Americas in two ways: openly through support for free and fair elections and improved public institutions; and, behind the scenes through support to democratic oppositions, such as in Peru in 1989 and in Chile in the 1980's.

¶13. (SBU) As one participant from the Parliamentary Centre said at the forum on democratization: "ten years ago, this discussion would have been more ideological and theoretical, now it is more practical and operational." In a September 2007 document on "Canada's Role in Democratic Governance in Q2007" document on "Canada's Role in Democratic Governance in the Americas," the Canadian International Development Agency listed an array of hemispheric projects in freedom and democracy, including: support for 12 elections since 2006 through the Organization of American States and development of a "Democracy Handbook" for Practitioners; Indigenous Peoples Partnership Programs; support for better government contracting capacity in Nicaragua; technical support to the OAS in writing the Convention Against Corruption; and, aid programs to support justice reform in Haiti and the Eastern Caribbean. The Department of Foreign Affairs and International Trade's Democracy Unit has separately been working to coordinate Canada's various programs and positions. While the government decided in 2007 against establishing a National Endowment for Democracy-style organization, Canada will continue to seek more robust ways to advance the democratic agenda in the hemisphere with programs by both CIDA and DFAIT. Notably, the governance agenda provides a way for Canada to engage with the Caribbean, where some Canadians believe Canada had in recent years lost influence.

#### NOT GIVING UP ON CUBA, VENEZUELA

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¶14. (C) PM Harper has made human rights and democratization a focal point of his foreign policy globally, but has not gone out of his way to criticize wayward states in the hemisphere, especially Cuba and Venezuela. Even under the Conservatives, Canada has maintained its policy of "constructive engagement" with Cuba, especially since the transition to Raul Castro, which Foreign Minister Bernier said might "open the way for the Cuban people to pursue a process of political and economic reform" (ref c). ADM Bugailiskis cited a program in which 135 Cuban academics will come to Montreal in the summer of 2008. In another program, Canadian professors from

Carleton University teach modern economic theory (i.e. non-Marxist) at Havana University. At a recent democratization conference, former UN Director of Electoral Assistance Division Carina Perelli expressed the belief that "Canada is one of the few interlocutors who could help get the transition in Cuba right." Deputy Foreign Minister Len Edwards visited Cuba in December 2007 and reiterated Canada's call for the release of all political prisoners and promotion of human rights. Canada also maintains six Canadian centers throughout Cuba that offer Internet access to computer-starved ordinary Cubans.

¶15. (C) Similarly, Canada's "principled engagement" with Venezuela has tried to avoid alienating President Chavez while clearly expressing concerns about developments in Venezuela that undercut democracy and civil society and working to shore up relation with "vulnerable" near-by states (ref d), according to DFAIT's South America Division Director Daniel Daley.

#### DOUBTS ABOUT THE DEPTH

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¶16. (SBU) The new strategy has been met with some skepticism by Latin America watchers in Canada and the hemisphere. Andres Rozental, former Mexican Deputy Foreign Minister, quipped at a recent conference on "Canada and the Americas: Defining Re-Engagement" that this is Canada's fourth re-engagement with the Americas he can remember. FOCAL's Carlo Dade separately expressed willingness to give the strategy the benefit of the doubt, but will take a wait-and-see attitude until resources start to flow a bit more. Argentine-born opposition Member of Parliament Pablo Rodriguez (Liberal Party) claimed to poloff that the Harper government had not matched its rhetoric with personnel or funding. He noted that there was no internal Latino bloc of voters to ensure sustained political attention on the hemisphere. Calgary academic Randall nonetheless called PM Harper's speeches "the strongest statement of hemispheric support since Canada joined the OAS in 1989."

¶17. (C) However, Salvadoran DCM Calderon commented that Canada had begun under previous Liberal PM Chretien to move away from a fixation with the two "mother countries" in North America toward a fuller integration with the hemisphere. She noted that the last time a Conservative government had "discovered" the hemisphere, there was a flurry of activity for the first year -- hosting the Summit of the Americas in Quebec City, an important OAS meeting in Windsor, and the First Ladies Summit of the Americas -- before the focus simply lost steam. But Calderon underscored that Spanish was now the third most studied language in Canada (a distant Qnow the third most studied language in Canada (a distant third, but growing), and that commercial ties and travel (1 million Canadians visit Mexico alone in any given year) are increasing awareness and linkages in the hemisphere. Colombian Embassy Minister Counselor Mejia expressed the belief that the new strategy was "serious," albeit consisting so far more of tactical rather than structural changes.

¶18. (SBU) The simple math of high-level contacts suggests an enhanced focus on the hemisphere. One of FM Bernier's first engagements as Minister was with his Mexican counterpart; he followed this up with meetings with the Central America Four and Rio Group Ministers, and traveled to Haiti and Colombia in February. Minister of International Cooperation Oda traveled to Haiti and Jamaica in October 2007, Peru and Colombia in January 2008, and Honduras in March 2008. A number of Canadian Secretaries of State (Members of Parliament who work just under the relevant Ministers) have also traveled, and more ministerial trips are now in the works. There are new bilateral agreements, including with Chile on geospatial knowledge exchanges and with the Pan American Health Organization on a common health agenda for the Americas. Canada will in May 2008 host the Annual Meeting of the Caribbean Development Bank in Halifax, in

September the Defense Ministerial of the Americas in Banff, and later in the year the Canada-Caricom Leaders Summit. Canada also expects visits by Presidents Lula and Bachelet in 2008, and possibly President Uribe. Latin American diplomats have commented that they feel it is easier to get high level appointments with the current government because of the perceived shift in strategy, in contrast to Asian and European diplomats, who complain that access is more difficult than under the Martin government.

¶19. (C) ADM Bugailiskis answered the "will it last" question with an unequivocal yes. She insisted that this time Canada was engaged in the hemisphere for the long-term and the strategy, whether in written form or not, would be lasting. In recent polls, Canadians ranked Latin America as the second highest priority for advancing Canada's interest in the world (outside the US), after Europe but ahead of China.

#### OPPORTUNITIES FOR U.S. ENGAGEMENT

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¶20. (C) In the midst of this flurry of activity in the hemisphere by Canada, there will be increasing opportunities for engagement and synergy between the U.S. and Canada. The focus on Latin America will likely outlive the current minority government, driven by increasing commercial opportunities, a waning pre-occupation with "Old" Europe, and the acceptance that the Western Hemisphere is indeed Canada's real neighborhood. Canada's message to the hemisphere (notably to Cuba and Venezuela) that there are more than one way to be a free trading democracy is a positive one that reinforces our own agenda. Canada can also in many places potentially add soft power to our hard power. Especially in dealing with non-democratic regimes, Canada's constructive engagement can provide a window and a voice that we may not have. Finally, Canada's strategy of working to bring along other hemispheric partners such as Mexico and Brazil to do more in the hemisphere could be very helpful in places like Haiti.

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